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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 8, 2002

APPLICATION OF

ACN ENERGY, INC.

CASE NO. PUE010361

For a license to conduct
business as a competitive
service provider in a natural gas
retail access program

ORDER

On June 25, 2001, ACN Energy, Inc. ("ACN" or "the Company"), filed an application for a license to conduct business as a competitive service provider in Washington Gas Light Company's ("WGL") natural gas retail access pilot program. The Company noted that it planned to serve residential customers participating in WGL's retail access program.

On August 31, 2001, the Commission Staff filed a report concerning ACN's request for a license to serve residential customers in WGL's service territory. In its report, the Staff recommended the granting of a license to serve residential customers. However, the Staff noted that if ACN later applied to serve additional customer classes or expanded service territories its financial fitness should be re-examined.

By Commission Order dated September 13, 2001, ACN was granted license No. G-2 to provide competitive natural gas service to residential customers in conjunction with WGL's retail access program.

On October 1, 2001, ACN filed a Petition for Limited Reconsideration ("Petition") requesting that the September 13, 2001, Order Granting License be amended to allow ACN to provide natural gas to small commercial customers in addition to the residential customers already authorized by the September 13, 2001 Order.

In its November 7, 2001, review of ACN's Petition, Staff found the Company to be technically qualified but recommended conditioning the granting of a modified license on the provision of some form of financial security. ACN filed a response stating that it accepted the Staff recommendation that its license be modified to include the commercial customer class conditioned upon it providing the Commission with an acceptable form of financial security.

On November 15, 2001, the Commission issued an Order in which it noted that § 56-235.8 F 1 of the Code of Virginia states that, "[a] gas supplier license shall be issued to any qualified applicant within forty-five days of the date of filing such application, authorizing in whole or in part the service covered by the application, unless the Commission determines

otherwise for good cause shown." Based upon this forty-five day time limit, a gas license would need to have been issued to ACN by November 15, 2001, provided the Commission found ACN to be qualified. However, at that time ACN had not provided any additional financial security. Consequently, the Commission found, in its November 15, 2001, Order, that ACN was not a qualified applicant with respect to its request to serve commercial customers solely because of the financial fitness status. The Commission deferred any further action pending receipt of an acceptable form of security from the Company.

On January 24, 2002, ACN filed a letter ("Letter") requesting to withdraw its Petition to serve commercial gas customers. ACN indicated in the Letter that it wishes to reserve the right to file a like petition, without prejudice, in the future.

NOW UPON CONSIDERATION of the Letter, we find that ACN's request to withdraw its Petition should be granted without prejudice. Further, we find that this action shall not affect the license granted to ACN to serve residential customers in conjunction with WGL's retail access program.

Accordingly, IT IS ORDERED THAT:

(1) ACN's request to withdraw its Petition is hereby granted.

(2) This matter shall remain open pending the receipt of any reports required by the Rules Governing Retail Access to Competitive Energy Services 20 VAC 5-312-10 et seq., as well as any subsequent amendments or modifications to the license granted by Commission Order dated September 13, 2001.